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Poland

Strawberries

Annual

2006

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Report Highlights:

In 2006, strawberry production increased about 2 percent from 2005 reaching 189,000 tons. Exports in 2006 are estimated to decline slightly from 2005 levels, which were valued at about US\$100 million, though Poland continues to be the major supplier of frozen strawberries to the European Union. The most important development in the Polish strawberry industry is the EU introduction of temporary anti-dumping duties against China, which will likely increase the quantity and value of Polish exports to the EU.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary	3
FRESH STRAWBERRIES.....	4
Production.....	4
Purchase Prices for Strawberries.....	4
Consumption	5
Trade	5
Tariff	5
Policy.....	6
Marketing	6
FROZEN STRAWBERRIES	6
Production.....	6
Consumption	6
Trade	7
Stocks	7
Policy.....	7
Marketing	8
Tables	9
Fresh Strawberries - PSD	9
Frozen Strawberries - PSD	9
Strawberries Fresh – Exports.....	10
Strawberries Fresh – Imports.....	11
Strawberries Frozen – Export	12
Strawberries Frozen – Imports.....	13
Strawberries Fresh – Prices	14
Strawberries Frozen – Prices.....	15

Executive Summary

In 2006, strawberry production increased about 2 percent from a year earlier due to favorable weather conditions, reaching 189,000 tons. It is estimated that Polish exports of fresh strawberries reached about 20,000 tons, a slight decrease from the previous year. Germany, Netherlands, and Belgium remain the main buyers. Minimal quantities of table varieties were imported from Spain.

The growth in fresh strawberry output in 2005 increased the amount available for the processing industry. Despite this fact, strawberry prices increased as compared to the previous year due to fruit quality problems.

As during previous years strawberry stocks were carried over from the previous year. These stocks were sold partially in the first half of 2006. Prices offered by the processing industry for fresh strawberries continued to increase through out the harvest, as did the export prices. There was a nearly 10 percent increase registered between the average export price in June and July 2006 as compared to the same period in 2005.

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. Total exports of frozen strawberries in 2005 were valued at US\$99 million and amounted to 119,528 tones. Exports in 2006 are estimated at 105,000 tones.

The European Union remains Poland's biggest export market, with Germany the single largest importer of Polish frozen strawberries.

Low producer prices in 2004 and 2005 have caused some farmers to plow up their strawberry plantations. No new plantings were recorded in summer and autumn of 2006. Decrease in strawberry production resulting from reduced cultivation area should be visible in 2007/8 harvests.

Many farmers are waiting to see whether the EU will implement permanent protection mechanisms to protect the European market from very low priced imports of frozen strawberries; mainly from China. In July 2005, in response to demands from Poland, the European Commission initiated a nine-month safeguard investigation of frozen strawberry imports into EU. An anti-dumping procedure, started on January 19, 2006, against imports of frozen strawberries from China. EU has 15 months to complete the investigation and implement permanent protective measures.

EU announced introduction of temporary anti-dumping protective measures against Chinese exports on October 11, 2006. This measure adds additional custom duty of 34.2 percent, in addition to regular tariff of 14.4 percent for a total duty of 48.6 percent on most Chinese exports of frozen strawberries to the EU. At these duty rates the Chinese products will not be competitive in the EU and exports are expected to greatly reduce, likely resulting in higher exports of Polish frozen strawberries to the EU in coming years.

The EU is in a position to prolong terms of these temporary protective anti-dumping measures for up to 5 years; anytime between now and May 18, 2007. The EU authorities also have an option of not extending the current temporary anti-dumping protective measures after May 18, 2007 or introducing different protection levels.

FRESH STRAWBERRIES

Production

According to the Main Statistical Office, 2006 strawberry production was higher by 2 percent compared to 2005 and reached 189,000 tons due to favorable weather conditions. Despite severe winter, no frost damage was recorded as a result of snow protection and spring conditions continued to be favorable with limited rains. Harvest was slightly delayed and started around June 18, ending around July 20, 2006. Some fruit was smaller due to dry conditions mid-way through harvest.

Planted area and production are expected to fall in 2007 as farmers, discouraged by falling returns in 2004 and 2005, switched to other types of cultivation. Experts from the Institute of Rural Economics think that this trend will continue, especially if the European Commission does not introduce permanent protective measures against lower priced imports from third countries.

Poland's most popular varieties continue to be Senga Sengana, Dukat, Elsanta, Kent, Korona and Marmolada. When conducting new plantings farmers reportedly prefer Dukat and Elsanta to Senga Sengana because of their resistance to diseases. However, the Polish processing industry does not like these varieties because their tolerance to cold storage has not been proven.

In 2005, producers of strawberries for freezing experienced a considerable decrease in income due to fierce competition in EU markets from cheaper imports from China and Morocco. This trend continued at the beginning of 2006, but was overcome after the harvest as demand for product for freezing increased. Despite this fact in 2006, as during 2004 and 2005, farmers' suffered negative returns on strawberry production designated for processing industry.

There has been increased interest in the cultivation of fresh table varieties including Elsanta, Dukat and Kent in recent years. Two new varieties Honeye and Camarosa are also gaining popularity. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing new varieties, they can both prolong the strawberry harvest season and offer new products to domestic and export markets.

Industry sources estimate that still over 60 percent of Polish strawberry farms produce products designated for processing industry. However the dessert varieties are increasing their share every year.

Currently, 95 percent of Polish strawberry farms use traditional open field cultivation practices and harvest in late May-early June depending on the varieties they planted. The remaining 5 percent of farms use tunnels and green houses, which allow them to supply strawberries continuously from May to November.

Purchase Prices for Strawberries

Due to limited supply and smaller fruit which was unsuitable for processing in 2006 average purchase prices for processing for strawberries with leaf stalk removed were PLN 1.90 (USD 0.61) as compared with PLN 1.15 (USD 0.36) in 2005.

Consumption

During the past several years, consumption of fresh strawberries has remained constant at about 0.75-1 kg/per capita. It is expected that in 2007 as a result of decrease in production, consumption will remain at the 0.5-0.75 kg/per capita level.

Trade

Poland annually exports around 12,000-22,000 tons of fresh and/or chilled strawberries. The European Union (primarily Germany, Belgium and the Netherlands) and Russia import most of this product. In 2005, exports of fresh strawberries dropped by 1 percent, as compared to the previous year, reaching 22,731 tones. It is estimated that 2006 exports will reach slightly lower level of 20,000 tones.

During the off-season, limited quantities of fresh strawberries are imported by air from Spain, France and Germany. High prices of the imported fruit (twice as high as Polish strawberries during harvest season) limit sales.

Tariff

After Poland became a member of the EU in May 1, 2004, EU import duties for strawberries became applicable to Poland. In many cases, products originating from different countries exporting to the EU are assessed different custom duty rates, depending on international agreements. For additional information on duties applied by the EU, please refer to the following Internet site: http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

Duties below are applicable to product originating from the United States.

Taric code number	Commodity description	Duty rate for product from the U.S.
0810100000	Fresh strawberries intended for processing	12.8 % Unit value : 396.06 EurVU / 100 kg
0811101100	Fruits and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter. - Frozen Strawberries	20.8 % + 8.4 EUR / 100 kg
0811 10 19	Fruits and nuts, provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for consumption. - other processed strawberries	20.8 %

Source: European Commission Taxation and Customs Union
http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm

Before Poland joined the EU, duties on imports of U.S. strawberries (fresh or processed) were higher, ranging between 20 and 40 percent. However, the decline in tariff rates did not change trade with the U.S., as Poland imports few fresh strawberries and virtually no frozen strawberries.

Policy

After Poland's accession into the EU, Polish strawberry farmers could apply for direct agricultural payments. Farms must be at least 1 HA in size to qualify for these payments. Per hectare payments in 2005 amounted to Euro 55.46 (US\$ 67.11). In accordance with the Polish/EU accession agreement, amounts will be increased on an annual basis over the next several years.

For other forms of state aid, see FAS/Warsaw report (PL5001) "Trade Policy Monitoring, Poland's CAP Implementation".

Marketing

During the harvest season, vendors traditionally sell fresh strawberries in 2 kg containers from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish and foreign owned companies compete to export fresh and chilled strawberries. Foreign companies (mostly German and Czech) either establish purchasing points or contract in advance with Polish farmers prior to planting. Product is either pre-cooled before transport or transported in temperature-controlled trucks to final destination for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off-season, are mostly sold in supermarkets and from vegetable stands in large cities.

FROZEN STRAWBERRIES

Production

As a result of a large harvest in 2005, 135,000 tons of strawberries were delivered to processors. The production of frozen strawberries reached 125,000 tons. Increased production and low priced imports from China resulted in higher ending stocks. Despite overall increased production recorded in 2006, as a result of fruit quality problems, only 120,000 tones of strawberries were delivered to processors, resulting in frozen fruit production reaching 110,000 tones.

Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season and consuming homemade products such as jams and compotes.

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. Total exports of frozen strawberries in 2005 were valued at US\$99 million and amounted to 119,528 tones. The average price per ton amounted to EUR 704 per ton (USD 873). Exports in 2006 are estimated at 105,000 tones with an average price per ton at EUR 764 (USD 947). The lower price for Polish strawberry exports resulted from the supply of cheap frozen strawberries from China that have an average export price of 500 EUR/t (USD 620). The Polish government submitted a request to the EU for a safeguard investigation because Polish officials suspected that frozen strawberries from China are sold at dumping prices. For additional information regarding the EU's response please refer to the POLICY Section of this report.

In 2007, exports are expected to be down reaching an estimated 95,000 tones, due to expected decrease in production and lower stocks carried over from 2006.

After the smaller Polish crop in 2003, many international traders located alternative suppliers. Consequently, Chinese product has captured a share of the world market at the expense of Poland. Many experts believe that suppliers such as China, Morocco and Slovenia will be major suppliers in the coming years. To remain competitive, Poland needs to ensure a stable level of high quality fruit. To do so, efforts are being made to create producer associations, expand contract purchasing and improve the quality of planting material. However, with nearly 200,000 strawberry farmers in Poland, change is slow to take root.

In the past, Hortex (now a private firm but formerly a state-owned trading enterprise) accounted for nearly sixty percent Polish strawberry exports. Other export companies included: Agros, Hortino, Freezing House Olsztyn, Gomar, and Elsner.

Many seasonal companies with foreign investment (mostly German) purchase fresh product locally. They contract with Polish freezers for processing and then transport the frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as the Netherlands, Belgium and China.

Stocks

No official data on frozen strawberry stocks are available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend primarily on price in any given year. The lower the price the more likely frozen product will be stored. Stocks are held in cold storage facilities throughout Poland. It is estimated that there is about 0.9-1.2 million square meters of cold storage in Poland, most of which is capable of maintaining temperatures below minus 18 Celsius (-0.4F). Over the last 10 years, there has been a significant increase of cold storage space at logistic centers and retailers-super and hypermarkets.

Policy

In July 2005 at the request of Polish government the European Commission initiated a nine-month safeguard investigation into imports of frozen strawberries from China (Official Journal of the European Union dated July 6, 2005, case no 165/3). An anti-dumping procedure

(2006/C 14/07) targeting imports of frozen strawberries from China began January 19, 2006. The EU has 15 months from January 19, 2006 to complete the investigation and implement permanent protective measures.

EU announced introduction of temporary anti-dumping protective measures against Chinese exports on October 11, 2006. This measure adds additional custom duty of 34.2 percent, in addition to regular tariff of 14.4 percent for a total duty of 48.6 percent on most Chinese exports of frozen strawberries to the EU. At these duty rates the Chinese products will not be competitive in the EU and exports are expected to greatly reduce, likely resulting in higher exports of Polish frozen strawberries to the EU.

Two Chinese companies were exempted from the full additional tariff because they were found to be "in line with the market economy". One company is to be assessed 0 percent anti-dumping duty and the other 12 percent. As these companies are not major suppliers of frozen strawberries, constituting less than 5 percent of Chinese exports to the EU, this reduced penalty should not affect the impact of the regulation. The temporary anti-dumping protective measures will become effective on October 18, 2006.

The EU is in a position to prolong terms of these temporary protective anti-dumping measures for up to 5 years; anytime between now and May 18, 2007. The EU authorities also have an option of not extending the current temporary anti-dumping protective measures after May 18, 2007 or introducing different protection levels.

Polish Government Officials as well as trade representatives responded very positively to the measures. For over 100,000 Polish farms (especially in low income areas) strawberry cultivation is a basic source of income; with average annual exports of fresh and processed strawberries being valued at EUR 100 mln (USD 124 mln) and constituting about 16 percent of all Polish fresh and processed fruit exports. Substantial export price changes of Polish strawberries, which in 2004 were at the level of 1,802 EUR/t (USD 2,234) and dropped to 717 EUR/t (USD 889) in 2005, were direct result of competing Chinese exports to the EU (average Chinese export price in 2004 606 EUR/t (USD 751), in 2005 461 EUR/t (USD 571)).

Many sector experts believe that if these measures remain in place five years the Polish strawberry sector will modernize during the time. For example, they will have time to increase the use of production-based contracts and develop more sophisticated producer organizations in order to take advantage of EU and Polish farm programs.

Because of these measures the U.S. may face more competition from China in other markets because Chinese suppliers will need to find markets outside of the EU.

Marketing

There have been many changes in the distribution of frozen products in Poland, including strawberries. The growth of modern new retail outlets throughout Poland has increased cold storage capacity and has created a demand for national distribution of frozen products. In the past, there was only one company capable of delivering frozen products throughout Poland. Now, there are several distribution groups in the Polish market; including Frozen Food Group and KFD.

Both of these associations are comprised of several large distribution firms that work closely with individual freezing companies and frozen food processors. Transportation is by a specialized fleet of freezer trucks. Both organizations often provide smaller shops with storage freezers. Some of the recently privatized freezing companies also are trying to serve local markets with their products.

Tables

Fresh Strawberries - PSD

PSD Table

Country	Poland Strawberries, Fresh								
Commodity	(HA) (MT)								
	2004	Revised		2005	Estimate		2006	Forecast	UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007 MM/YYYY
Area Planted	50000	50000	55100	46000	46000	50000	0	0	45000 (HA)
Area Harvested	37500	37500	39000	35000	35000	37500	0	0	33750 (HA)
Production	180000	180000	185000	160000	160000	189000	0	0	170000 (MT)
Imports	3939	1000	3942	3939	1000	3939	0	0	3900 (MT)
Total Supply	183939	181000	188942	163939	161000	192939	0	0	173900 (MT)
Exports, Fresh	22691	21000	22731	20000	20000	20000	0	0	20000 (MT)
Fresh Dom. Consumption	50000	50000	31211	36000	36000	52939	0	0	45900 (MT)
For Processing	111248	110000	135000	107939	105000	120000	0	0	108000 (MT)
Total Distribution	183939	181000	188942	163939	161000	192939	0	0	173900 (MT)

Frozen Strawberries - PSD

PSD Table

Country	Poland Strawberries, Frozen								
Commodity	(MT)								
	2004	Revised		2005	Estimate		2006	Forecast	UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007 MM/YYYY
Deliv. To Processors	110000	110000	135000	105000	105000	120000	0	0	108000 (MT)
Beginning Stocks	53936	56407	53936	15624	32407	50282	0	13407	45000 (MT)
Production	80000	80000	125000	75000	75000	110000	0	0	100000 (MT)
Imports	1334	1000	1346	1200	1000	1300	0	0	1300 (MT)
Total Supply	135270	137407	180282	91824	108407	161582	0	13407	146300 (MT)
Exports	119646	95000	119528	91824	85000	105000	0	0	95000 (MT)
Domestic Consumption	0	10000	10472	0	10000	11582	0	0	11300 (MT)
Ending Stocks	15624	32407	50282	0	13407	45000	0	0	40000 (MT)
Total Distribution	135270	137407	180282	91824	108407	161582	0	0	146300 (MT)

Strawberries Fresh – Exports

Export Trade Matrix

Country Poland

Commodity Strawberries, Fresh

Time Period	Jan-Dec	Units:	MT
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Germany	7778	Germany	8956
Russia	3303	Russia	5086
Belgium	1547	Belgium	3445
Netherlands	4171	Netherlands	1517
Total for Others	16799		19004
Others not Listed	6550		3727
Grand Total	23349		22731

Strawberries Fresh – Imports

Import Trade Matrix

Country Poland

Commodity Strawberries, Fresh

Time Period	Jan-Dec	Units:	MT
Imports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Netherlands	226	Netherlands	391
Belgium	128	Belgium	597
China	312	China	211
Total for Others	666		1199
Others not Listed	1466		2743
Grand Total	2132		3942

Strawberries Frozen – Export

Export Trade Matrix

Country Poland

Commodity Strawberries, Frozen

Time Period	Jan-Dec	Units:	MT
Exports for:	2004		2005
U.S.	236	U.S.	365
Others		Others	
Germany	38311	Germany	52270
Netherlands	8565	Netherlands	13612
UK	4746	UK	6997
France	6604	France	7235
Total for Others	58226		80114
Others not Listed	31631		39049
Grand Total	90093		119528

Strawberries Frozen – Imports

Import Trade Matrix

Country Poland

Commodity Strawberries, Frozen

Time Period	Jan-Dec	Units:	MT
Imports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Netherlands	226	Netherlands	391
Belgium	128	Belgium	597
China	312	China	211
Total for Others	666		1199
Others not Listed	1466		147
Grand Total	2132		1346

Strawberries Fresh – Prices

Prices Table

Country Poland

Commodity Strawberries, Fresh

 Prices in **PLN** per uom

0.5 kg

Year	2005	2006	% Change
Jan			
Feb			
Mar			
Apr			
May	12.73	14.18	11%
Jun	4.62	5.36	16%
Jul	3.64	4.22	16%
Aug			
Sep			
Oct			
Nov			
Dec			

 Exchange Rate **3.11** Local Currency/US \$

 Date of Quote **10/13/2006** MM/DD/YYYY

Strawberries Frozen – Prices

Prices Table

Country Poland

Commodity Strawberries, Frozen

 Prices in PLN per uom 0.5 kg

Year	2005	2006	% Change
Jan	5.83	4.22	-28%
Feb	5.62	4.13	-27%
Mar	5.33	4.06	-24%
Apr	5.15	3.98	-23%
May	5	3.94	-21%
Jun	4.91	3.81	-22%
Jul	4.87	3.89	-20%
Aug	4.82	4.07	-16%
Sep	4.71		-100%
Oct	4.63		-100%
Nov	4.52		-100%
Dec	4.4		-100%

 Exchange Rate 3.11 Local Currency/US \$
 Date of Quote 10/13/2006 MM/DD/YYYY